

CS FOR HOUSE BILL NO. 278(FIN)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-EIGHTH LEGISLATURE - SECOND SESSION

BY THE HOUSE FINANCE COMMITTEE

Offered: 4/3/14

Referred: Today's Calendar

Sponsor(s): HOUSE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

A BILL

FOR AN ACT ENTITLED

1 **"An Act increasing the base student allocation used in the formula for state funding of**
2 **public education; relating to the exemption from jury service for certain teachers;**
3 **relating to the powers of the Department of Education and Early Development; relating**
4 **to high school course credit earned through assessment; relating to school performance**
5 **reports; relating to assessments; relating to charter schools and student transportation;**
6 **relating to residential school applications; relating to tenure of public school teachers;**
7 **relating to unemployment contributions for the Alaska technical and vocational**
8 **education program; relating to earning high school credit for completion of vocational**
9 **education courses offered by institutions receiving technical and vocational education**
10 **program funding; relating to schools operated by a federal agency; relating to the school**
11 **size factor for public school funding; adjusting the calculation of state aid for public**
12 **school funding; relating to the local contribution to public education funding; relating to**

the withholding of state aid to public education for teacher retirement contributions; relating to the teachers' defined benefit retirement plan; establishing the teachers' pension reserve fund; relating to education tax credits; establishing an optional municipal tax exemption for privately owned real property rented or leased for use as a charter school; requiring the Department of Administration to provide a proposal for a salary and benefits schedule for school districts; making conforming amendments; and providing for an effective date."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

*** Section 1.** AS 09.20.030(b) is amended to read:

(b) A person may claim exemption and shall be excused by the court from service as a juror during the school term if it is shown that the person is a teacher in a school that is designated as a low performing school under regulations adopted by the state Board of Education and Early Development [FAILING TO MAKE ADEQUATE YEARLY PROGRESS UNDER P.L. 107-110]. In this subsection, "teacher" means a person who serves a school district in a teaching capacity in a classroom setting and is required to be certificated in order to hold the position.

*** Sec. 2.** AS 14.03 is amended by adding a new section to read:

Sec. 14.03.073. Secondary school course credit. (a) A school district shall provide the opportunity for students enrolled in a secondary school in the district to challenge a course provided by the district by demonstrating mastery in mathematics, language arts, science, social studies, and world languages at the level of the course challenged. A school district shall give full credit for a course to a student who successfully challenges that course as provided under this section.

(b) A school district shall establish, within a reasonable time, an assessment tool and a standard for demonstrating mastery in secondary school courses provided by the district that are likely to be or have been the subject of a challenge requested under this section.

(c) The board shall adopt regulations to implement this section.

(d) In this section, "school district" has the meaning given in AS 14.30.350.

* **Sec. 3.** AS 14.03.078 is amended to read:

Sec. 14.03.078. Report. The department shall provide to the legislature by February 15 of each year an annual report regarding the progress of each school and school district toward high academic performance by all students. The report required under this section must include

(1) information described under AS 14.03.120(d);

(2) the number and percentage of students in each school who pass the examination required under AS 14.03.075, and the number who pass each section of the examination;

(3) progress of the department

(A) toward implementing the school accountability provisions of AS 14.03.123; and

(B) in assisting high schools to become accredited;

(4) a description of the resources provided to each school and school district for coordinated school improvement activities and staff training in each school and school district;

(5) each school district's and each school's progress in aligning curriculum with state education performance standards;

(6) a description of the efforts by the department to assist a public school or school district that receives a low performance designation under AS 14.03.123 [OF DEFICIENT OR IN CRISIS];

(7) a description of intervention efforts by each school district and school for students who are not meeting state performance standards;

(8) the number and percentage of turnover in certificated personnel and superintendents;

(9) the number of teachers by district and by school who are teaching outside the teacher's area of endorsement but in areas tested by the high school competency examination.

* **Sec. 4.** AS 14.03.083 is amended by adding a new subsection to read:

(d) The department and the state Board of Education and Early Development

1 may not enter into or renew a contract or agreement, or participate, with any
 2 organization, entity, group, or consortium after the effective date of this section that
 3 requires the state to cede any measure of autonomy or control over education
 4 standards and assessments, including the determination of passing scores.

5 * **Sec. 5.** AS 14.03.120(d) is amended to read:

6 (d) Annually, before the date set by the district under (e) of this section, each
 7 public school shall deliver to the department for posting on the department's Internet
 8 website and provide, in a public meeting of parents, students, and community
 9 members, a report on the school's performance and the performance of the school's
 10 students. The report shall be prepared on a form prescribed by the department and
 11 must include

12 (1) information on accreditation;

13 (2) results of norm-referenced achievement tests;

14 (3) results of state standards-based assessments in language arts
 15 [READING, WRITING,] and mathematics;

16 (4) a description, including quantitative and qualitative measures, of
 17 student, parent, community, and business involvement in student learning;

18 (5) a description of the school's attendance, retention, dropout, and
 19 graduation rates, including the number and percentage of students who received a
 20 diploma under a waiver from the competency examination required under
 21 AS 14.03.075(a), as specified by the state board;

22 (6) the annual percent of enrollment change, regardless of reason, and
 23 the annual percent of enrollment change due to student transfers into and out of the
 24 school district;

25 (7) if Native language education is provided, a summary and
 26 evaluation of the curriculum described in AS 14.30.420;

27 (8) the number and percentage of students in each school who take and
 28 who successfully complete an alternative assessment program in reading, English, or
 29 mathematics; and the number and percentage of pupils in each school who
 30 successfully complete the alternative assessment program but who do not reach the
 31 state performance standards at the competency exam level in reading, English, or

1 mathematics; a school may not report results under this paragraph unless the school
2 complies with the family educational rights and privacy requirements of 34 C.F.R. 99;

3 (9) the performance designation assigned the school under
4 AS 14.03.123 and the methodology used to assign the performance designation,
5 including the measures used and their relative weights; [AND]

6 (10) other information concerning school performance and the
7 performance of the school's students as required by the state board in regulation; **and**

8 **(11) information on the number, attendance, and performance of**
9 **students enrolled in the school whose parents or guardians are on active duty in**
10 **the armed forces of the United States, the United States Coast Guard, the Alaska**
11 **National Guard, the Alaska Naval Militia, or the Alaska State Defense Force.**

12 * **Sec. 6.** AS 14.03.123(f) is amended to read:

13 (f) In the accountability system for schools and districts required by this
14 section, the department shall

15 (1) implement 20 U.S.C. 6301 - 7941 (Elementary and Secondary
16 Education Act of 1965), as amended;

17 (2) implement state criteria and priorities for accountability including
18 the use of

19 (A) measures of student performance on standards-based
20 assessments in **language arts** [READING, WRITING,] and mathematics, and
21 including competency tests required under AS 14.03.075;

22 (B) measures of student improvement; and

23 (C) other measures identified that are indicators of student
24 success and achievement; and

25 (3) to the extent practicable, minimize the administrative burden on
26 districts.

27 * **Sec. 7.** AS 14.03.250 is repealed and reenacted to read:

28 **Sec. 14.03.250. Application for charter school.** (a) A local school board shall
29 prescribe an application procedure for the establishment of a charter school in that
30 school district. The application procedure must include provisions for an academic
31 policy committee consisting of parents of students attending the school, teachers, and

1 school employees and a proposed form for a contract between a charter school and the
2 local school board, setting out the contract elements required under AS 14.03.255(c).

3 (b) A decision of a local school board approving or denying an application for
4 a charter school must be in writing, must be issued within 60 days after the
5 application, and must include all relevant findings of fact and conclusions of law.

6 (c) If a local school board approves an application for a charter school, the
7 local school board shall forward the application to the state Board of Education and
8 Early Development for review and approval.

9 (d) If a local school board denies an application for a charter school, the
10 applicant may appeal the denial to the commissioner. The appeal to the commissioner
11 shall be filed not later than 60 days after the local school board issues its written
12 decision of denial. The commissioner shall review the local school board's decision to
13 determine whether the findings of fact are supported by substantial evidence and
14 whether the decision is contrary to law. A decision of the commissioner upholding the
15 denial by the local school board may be appealed within 30 days to the state Board of
16 Education and Early Development.

17 (e) If the commissioner approves a charter school application, the
18 commissioner shall forward the application to the state Board of Education and Early
19 Development for review and approval. The application shall be forwarded not later
20 than 30 days after the commissioner issues a written decision. The state Board of
21 Education and Early Development shall exercise independent judgment in evaluating
22 the application.

23 (f) A local school board that denied an application for a charter school
24 approved by the state board on appeal shall operate the charter school as provided in
25 AS 14.03.255 - 14.03.290.

26 * **Sec. 8.** AS 14.03 is amended by adding a new section to read:

27 **Sec. 14.03.253. Charter school application appeal.** (a) In an appeal to the
28 commissioner under AS 14.03.250, the commissioner shall review the record before
29 the local school board. The commissioner may request written supplementation of the
30 record from the applicant or the local school board. The commissioner may

31 (1) remand the appeal to the local school board for further review;

(2) approve the charter school application and forward the application to the state Board of Education and Early Development with or without added conditions; or

(3) uphold the decision denying the charter school application; if the commissioner upholds a local school board's decision to deny a charter school application and the applicant appeals to the State Board of Education and Early Development, the commissioner shall immediately forward the application and record to the state Board of Education and Early Development.

(b) In an appeal to the state Board of Education and Early Development of a denial of a charter school application under (a)(3) of this section, the state board shall determine, based on the record, whether the commissioner's findings are supported by substantial evidence and whether the decision is contrary to law. The state board shall issue a written decision within 90 days after an appeal.

* **Sec. 9.** AS 14.03.255(d) is amended to read:

(d) A school district shall offer to a charter school the right of first refusal for a lease of space [CHARTER SCHOOL MAY BE OPERATED] in an existing school district facility or in a facility within the school district that is not currently being used as a public school, if the chief school administrator determines the facility meets requirements for health and safety applicable to public buildings or other public schools in the district. If the school district requires lease payments by a charter school, the school district shall negotiate a lease agreement with the charter school for an amount that does not exceed the true operational costs calculated on a square foot basis for space leased under this subsection.

* **Sec. 10.** AS 14.03.260(a) is amended to read:

(a) A local school board shall provide an approved charter school with an annual program budget. The budget shall be not less than the amount generated by the students enrolled in the charter school less administrative costs retained by the local school district, determined by applying the indirect cost rate approved by the department up to 4 percent. A local school board shall provide a charter school with a report itemizing the administrative costs retained by the local school board under this section [DEPARTMENT OF EDUCATION AND EARLY

DEVELOPMENT]. The "amount generated by students enrolled in the charter school" is to be determined in the same manner as it would be for a student enrolled in another public school in that school district and includes funds generated by special needs under AS 14.17.420(a)(1) and secondary school vocational and technical instruction under AS 14.17.420(a)(3). A school district shall direct state aid under AS 14.11 for the construction or major maintenance of a charter school facility to the charter school that generated the state aid, subject to the same terms and conditions that apply to state aid under AS 14.11 for construction or major maintenance of a school facility that is not a charter school.

* **Sec. 11.** AS 14.03 is amended by adding a new section to read:

Sec. 14.03.263. Charter school grant program. (a) A charter school that is established on or after the effective date of this section may receive a one-time grant from the department equal to the amount of \$500 for each student enrolled in the school on October 1 of the first year in which the school applies for the grant. The charter school shall use a grant received under this section to provide educational services. In this subsection, "educational services" includes curriculum development, program development, and special education services.

(b) The department shall establish by regulation procedures for the application for and expenditure of grant funds under (a) of this section.

(c) If the amount appropriated in a fiscal year for the charter school grant program is insufficient to meet the amounts authorized under (a) of this section, the department shall reduce pro rata the per pupil grant amount by the necessary percentage as determined by the department. If a charter school grant is reduced under this subsection, the charter school may apply to the department in a subsequent fiscal year for the balance of the grant amount.

* **Sec. 12.** AS 14.07.020(a)(16) is amended to read:

(16) establish by regulation criteria, based on low student performance, under which the department may intervene in a school district to improve instructional practices, as described in AS 14.07.030(14) or (15); the regulations must include

(A) a notice provision that alerts the district to the deficiencies and the instructional practice changes proposed by the department;

(B) an end date for departmental intervention, as described in AS 14.07.030(14)(A) and (B) and (15), after the district demonstrates three consecutive years of improvement consisting of not less than two percent increases in student proficiency on standards-based assessments in language arts and mathematics, [READING, AND WRITING] as provided in AS 14.03.123(f)(2)(A); and

(C) a process for districts to petition the department for continuing or discontinuing the department's intervention;

* **Sec. 13.** AS 14.07.020(b) is amended to read:

(b) In implementing its duties under (a)(2) of this section, the department may not spend money on implementing standards that are based on the Common Core State Standards Initiative and shall develop

(1) performance standards in language arts [READING, WRITING,] and mathematics to be met at designated age levels by each student in public schools in the state; and

(2) a comprehensive system of student assessments, composed of multiple indicators of proficiency in language arts [READING, WRITING,] and mathematics; this comprehensive system must

(A) be made available to all districts and regional educational attendance areas;

(B) include a developmental profile for students entering kindergarten or first grade; and

(C) include performance standards in language arts [READING, WRITING,] and mathematics for students in age groups five through seven, eight through 10, and 11 - 14.

* **Sec. 14.** AS 14.07.168 is amended to read:

Sec. 14.07.168. Report to the legislature. Not later than the 30th legislative day of each regular session of the legislature, the board shall prepare and present in person to the legislative committees having jurisdiction over education an annual report that describes the efforts of the board to develop, maintain, and continuously improve a comprehensive quality public education system, as provided for under the

1 bylaws of the board. The report must include

2 (1) a summary of the resolves and rationales provided in support of
3 policy decisions made under AS 14.03.015;

4 (2) program and curriculum changes made, discussed, or
5 recommended in meetings held under AS 14.07.125;

6 (3) additional information relevant to efforts made to improve and
7 maintain the public education system;

8 **(4) recommendations for changes in the method of education**
9 **spending by the state and school districts that result in improved efficiencies in**
10 **and administration of public education in the state.**

11 * **Sec. 15.** AS 14.09.010 is amended by adding new subsections to read:

12 (e) A school district that provides transportation services under this section
13 shall provide transportation services to students attending a charter school operated by
14 the district under a policy adopted by the district. The policy must

15 (1) be developed with input solicited from individuals involved with
16 the charter school, including staff, students, and parents;

17 (2) at a minimum, provide transportation services for students enrolled
18 in the charter school on a space available basis along the regular routes that the
19 students attending schools in an attendance area in the district are transported; and

20 (3) be approved by the department.

21 (f) If a school district fails to adopt a policy under (e) of this section, the
22 school district shall allocate the amount received for each student under (a) of this
23 section to each charter school operated by the district based on the number of students
24 enrolled in the charter school.

25 (g) Nothing in (e) of this section requires a school district to establish
26 dedicated transportation routes for the exclusive use of students enrolled in a charter
27 school or authorizes a charter school to opt out of a policy adopted by a school district
28 for the purpose of acquiring transportation funding.

29 * **Sec. 16.** AS 14.16.050(a) is amended to read:

30 (a) The following provisions apply with respect to the operation and
31 management of a state boarding school as if it were a school district:

1 (1) requirements relating to school district operations:

2 (A) AS 14.03.030 - 14.03.050 (defining the school term, day in
3 session, and school holidays);

4 (B) AS 14.03.073 and 14.03.083 - 14.03.140 [AS 14.03.083 -
5 14.03.140] (miscellaneous provisions applicable to school district operations);

6 (C) regulations adopted by the board under authority of
7 AS 14.07.020(a) that are applicable to school districts and their schools, unless
8 the board specifically exempts state boarding schools from compliance with a
9 regulation;

10 (D) AS 14.12.150 (authorizing school districts to establish and
11 participate in the services of a regional resource center);

12 (E) AS 14.14.050 (imposing the requirement of an annual
13 audit);

14 (F) AS 14.14.110 (authorizing cooperation with other school
15 districts);

16 (G) AS 14.14.140(b) (establishing a prohibition on
17 employment of a relative of the chief school administrator);

18 (H) AS 14.18 (prohibiting discrimination based on sex in
19 public education);

20 (2) requirements relating to the public school funding program and the
21 receipt and expenditure of that funding:

22 (A) AS 14.17.500 (relating to student count estimates);

23 (B) AS 14.17.505 (relating to school operating fund balances);

24 (C) AS 14.17.500 - 14.17.910 (setting out the procedure for
25 payment of public school funding and imposing general requirements and
26 limits on money paid);

27 (3) requirements relating to teacher employment and retirement:

28 (A) AS 14.14.105 and 14.14.107 (relating to sick leave);

29 (B) AS 14.20.095 - 14.20.215 (relating to the employment and
30 tenure of teachers);

31 (C) AS 14.20.220 (relating to the salaries of teachers

employed);

(D) AS 14.20.280 - 14.20.350 (relating to sabbatical leave provisions for teachers);

(E) AS 23.40.070 - 23.40.260 (authorizing collective bargaining by certificated employees), except with regard to teachers who are administrators and except that the board may delegate some or all of its responsibilities under those statutes;

(F) AS 14.25 (provisions regarding the teachers' retirement system);

(4) requirements relating to students and educational programs:

(A) AS 14.30.180 - 14.30.350 (relating to educational services for children with disabilities);

(B) AS 14.30.360 - 14.30.370 (establishing health education program standards);

(C) AS 14.30.400 - 14.30.410 (relating to bilingual and bicultural education).

* **Sec. 17.** AS 14.16 is amended by adding a new section to article 2 to read:

Sec. 14.16.100. Application for residential school. A school district shall apply to the department for approval to establish and operate a statewide or district-wide residential school. The department shall accept applications during an open application period conducted annually. A period of open application in itself does not indicate that the department will approve the establishment of a new residential school.

* **Sec. 18.** AS 14.17.300(a) is amended to read:

(a) The public education fund is established. The fund consists of appropriations for

(1) distribution to school districts, to the state boarding school, and for centralized correspondence study under this chapter; [AND]

(2) transportation of pupils under AS 14.09.010; and

(3) the teachers' retirement system.

* **Sec. 19.** AS 14.17.410(b) is amended to read:

(b) Public school funding consists of state aid, a required local contribution, and eligible federal impact aid determined as follows:

(1) state aid equals basic need minus a required local contribution and 90 percent of eligible federal impact aid for that fiscal year; basic need equals the sum obtained under (D) of this paragraph, multiplied by the base student allocation set out in AS 14.17.470; district adjusted ADM is calculated as follows:

(A) the ADM of each school in the district is calculated by applying the school size factor to the student count as set out in AS 14.17.450;

(B) the number obtained under (A) of this paragraph is multiplied by the district cost factor described in AS 14.17.460;

(C) the ADMs of each school in a district, as adjusted according to (A) and (B) of this paragraph, are added; the sum is then multiplied by the special needs factor set out in AS 14.17.420(a)(1) and the secondary school vocational and technical instruction funding factor set out in AS 14.17.420(a)(3);

(D) the number obtained for intensive services under AS 14.17.420(a)(2), [AND] the number obtained for correspondence study under AS 14.17.430, **and the number obtained under (E) of this paragraph,** are added to the number obtained under (C) of this paragraph;

(E) **if the commissioner of administration or the commissioner's designee under AS 14.25.003 determines that the defined benefit plan under AS 14.25.009 - 14.25.220 has an unfunded liability, the commissioner shall determine a teachers' retirement cost adjustment equal to the annual rate applied under AS 14.25.070(a) for the ensuing fiscal year minus 12.56 percent, multiplied by the estimated total of all base salaries paid by the employer to active members of the teachers' retirement system (AS 14.25) for the ensuing fiscal year, and divided by the base student allocation under AS 14.17.470;**

(F) notwithstanding (A) - (C) of this paragraph, if a school district's ADM adjusted for school size under (A) of this paragraph decreases by five percent or more from one fiscal year to the next fiscal year, the school

1 district may use the last fiscal year before the decrease as a base fiscal year to
 2 offset the decrease, according to the following method:

3 (i) for the first fiscal year after the base fiscal year
 4 determined under this subparagraph, the school district's ADM adjusted
 5 for school size determined under (A) of this paragraph is calculated as
 6 the district's ADM adjusted for school size, plus 75 percent of the
 7 difference in the district's ADM adjusted for school size between the
 8 base fiscal year and the first fiscal year after the base fiscal year;

9 (ii) for the second fiscal year after the base fiscal year
 10 determined under this subparagraph, the school district's ADM adjusted
 11 for school size determined under (A) of this paragraph is calculated as
 12 the district's ADM adjusted for school size, plus 50 percent of the
 13 difference in the district's ADM adjusted for school size between the
 14 base fiscal year and the second fiscal year after the base fiscal year;

15 (iii) for the third fiscal year after the base fiscal year
 16 determined under this subparagraph, the school district's ADM adjusted
 17 for school size determined under (A) of this paragraph is calculated as
 18 the district's ADM adjusted for school size, plus 25 percent of the
 19 difference in the district's ADM adjusted for school size between the
 20 base fiscal year and the third fiscal year after the base fiscal year;

21 (G) [(F)] the method established in (F) [(E)] of this paragraph
 22 is available to a school district for the three fiscal years following the base
 23 fiscal year determined under (F) [(E)] of this paragraph only if the district's
 24 ADM adjusted for school size determined under (A) of this paragraph for each
 25 fiscal year is less than the district's ADM adjusted for school size in the base
 26 fiscal year;

27 (H) [(G)] the method established in (F) [(E)] of this paragraph
 28 does not apply to a decrease in the district's ADM adjusted for school size
 29 resulting from a loss of enrollment that occurs as a result of a boundary change
 30 under AS 29;

31 (2) the required local contribution of a city or borough school district is

the equivalent of a 2.65 mill tax levy on the full and true value of the taxable real and personal property in the district as of January 1 of the second preceding fiscal year, as determined by the Department of Commerce, Community, and Economic Development under AS 14.17.510 and AS 29.45.110, not to exceed 40 [45] percent of a district's basic need for the preceding fiscal year as determined under (1) of this subsection.

* **Sec. 20.** AS 14.17.450(a) is amended to read:

(a) For purposes of calculating a school's ADM to determine state aid, the ADM of each school in a district shall be computed by applying the following formula:

If the student count			The adjusted student count is					
in a school is			The number of					
			students in					
At least	But less than		Base	Multiplier	excess of			
10	- 20		39.6					
20	- 30		39.6	+	(1.62	x	20)	
30	- 75		55.8	+	(1.49	x	30)	
75	- 150		122.85	+	(1.27	x	75)	
150	- 250		218.1	+	(1.08	x	150)	
250	<u>or over</u> [- 400]		326.1	+	(0.97	x	250)	
[400	- 750		471.6	+	(0.92	x	400)	
750 OR OVER			793.6	+	(0.84	x	750)].	

* **Sec. 21.** AS 14.17.470 is amended to read:

Sec. 14.17.470. Base student allocation. The base student allocation is \$5,865 [\$5,680].

* **Sec. 22.** AS 14.17.470, as amended by sec. 21 of this Act, is amended to read:

Sec. 14.17.470. Base student allocation. The base student allocation is \$5,923 [\$5,865].

* **Sec. 23.** AS 14.17.470, as amended by secs. 21 and 22 of this Act, is amended to read:

Sec. 14.17.470. Base student allocation. The base student allocation is \$5,981 [\$5,923].

1 * **Sec. 24.** AS 14.17.610 is amended by adding a new subsection to read:

2 (d) Notwithstanding the distribution required under (a) and (b) of this section,
3 the department may withhold from a school district an amount of state aid calculated
4 under AS 14.17.410(b)(1) for the school district that is equivalent to the projected
5 annual employer contribution to the teachers' retirement system calculated under
6 AS 14.25.070(a), including the amount added as a result of the teachers' retirement
7 cost adjustment under AS 14.17.410(b)(1)(E). If the department withholds state aid
8 under this subsection, the department shall

9 (1) on July 1, or as soon after July 1 as funds become available,
10 transmit the withheld funds to the teachers' retirement system for deposit into the
11 teachers' retirement trust fund; and

12 (2) in the last month of the fiscal year in which the funds were
13 withheld, distribute the balance of funds as necessary to make up the difference
14 between the amount withheld and the total annual amount owed under
15 AS 14.25.070(a) for employer contributions by the district.

16 * **Sec. 25.** AS 14.20.150(a) is amended to read:

17 (a) Except as provided in (c) or (d) of this section, a teacher acquires tenure
18 rights in a district when the teacher

19 (1) possesses a valid teaching certificate that authorizes the teacher to
20 be employed as a certificated teacher or as an administrator under regulations adopted
21 by the department;

22 (2) has been employed as a teacher in the same district continuously
23 for five [THREE] full school years;

24 (3) receives, in the fifth [THIRD] year of any five-year [THREE-
25 YEAR] period of continuous employment with the district, an evaluation under the
26 district's evaluation system stating that the teacher's performance meets the district
27 performance standards; and

28 (4) on or before October 15 of the school year,

29 (A) accepts a contract for employment as a teacher in the
30 district for a sixth [FOURTH] consecutive school year; and

31 (B) performs a day of teaching services in the district during

1 that school year.

2 * **Sec. 26.** AS 14.20.150 is amended by adding a new subsection to read:

3 (f) For teachers employed by a rural school district, the years of employment
4 required to acquire tenure rights as provided in (a) of this section shall be reduced by
5 two years. In this subsection, "rural school district" means a regional educational
6 attendance area or a school district located in a small borough or first class city with a
7 population of less than 5,500.

8 * **Sec. 27.** AS 14.25.070(a) is amended to read:

9 (a) Each employer shall contribute to the system every payroll period an
10 amount calculated by applying [A RATE OF 12.56 PERCENT] to the total of all base
11 salaries paid by the employer to active members of the system **an annual rate that is**
12 **the lesser of**

13 **(1) 32.56 percent; or**

14 **(2) a rate calculated by dividing the total pension benefits the**
15 **administrator expects to be paid from the plan for the ensuing fiscal year minus**
16 **employee contributions the administrator expects to be made to the plan for the**
17 **ensuing fiscal year, by the total of all base salaries the employer expects to pay to**
18 **active members of the system for the ensuing fiscal year** [, INCLUDING ANY
19 ADJUSTMENTS TO CONTRIBUTIONS REQUIRED BY AS 14.25.173(a)].

20 * **Sec. 28.** AS 14.25.070 is amended by adding a new subsection to read:

21 (i) Notwithstanding (b) of this section, if the department withholds funds for
22 contribution to the teachers' retirement system under AS 14.17.610(d), the department
23 shall transmit the funds to the administrator for deposit in the teachers' retirement trust
24 fund. The administrator shall allocate the contributions received from the department
25 for full payment of employer contributions as provided in (b)(1) and (2) of this
26 section.

27 * **Sec. 29.** AS 14.25.085 is amended to read:

28 **Sec. 14.25.085. Additional state contributions.** In addition to the
29 contributions that the state is required to make under AS 14.25.070 as an employer,
30 the state shall contribute **annually** to the plan **on** [EACH] July 1 or, if funds are not
31 available on July 1, as soon after July 1 as funds become available, an amount for the

ensuing fiscal year that, when combined with the corpus of the plan's trust fund, money appropriated to the plan for the ensuing fiscal year from the teachers' pension reserve fund established under AS 37.14.900, the total of contributions the administrator estimates will be made by members under AS 14.25.050 for the ensuing fiscal year, and the total employer contributions that the administrator estimates will be allocated under AS 14.25.070(c) for the ensuing fiscal year, is sufficient to pay the pension benefits that the administrator estimates will become payable under the plan for the ensuing [PLAN'S PAST SERVICE LIABILITY AT THE CONTRIBUTION RATE ADOPTED BY THE BOARD UNDER AS 37.10.220 FOR THAT] fiscal year.

* **Sec. 30.** AS 23.15.835(d) is amended to read:

(d) Notwithstanding AS 23.15.840(a), for the fiscal years ending June 30, 2009, through June 30, 2017 [2014], the money collected under this section or otherwise appropriated to the Alaska Workforce Investment Board, formerly known as the Alaska Human Resource Investment Council, shall be allocated directly in the following percentages to the following institutions for programs consistent with AS 23.15.820 - 23.15.850 and capital improvements:

University of Alaska	45 percent
University of Alaska Southeast	5 percent
Galena Project Education Vocational Training Center	4 percent
Kotzebue Technical Center	9 percent
Alaska Vocational Technical Center	17 percent
Northwestern Alaska Career and Technical Center	3 percent
Southwest Alaska Vocational and Education Center	3 percent
Yuut Elitnaurviat, Inc. People's Learning Center	9 percent
Delta Career Advancement Center	3 percent
New Frontier Vocational Technical Center	2 percent.

* **Sec. 31.** AS 23.15.835(e) is amended to read:

(e) The institutions receiving funding under (d) of this section shall provide an expenditure and performance report to the department by November 1 of each year that includes [THE]

1 (1) **the** percentage of former participants in the program who have jobs
2 one year after leaving the program;

3 (2) **the** median wage of former participants seven to 12 months after
4 leaving the program;

5 (3) **the** percentage of former participants who were employed after
6 leaving the program who received training under the program that was related or
7 somewhat related to the former participants' jobs seven to 12 months after leaving the
8 program;

9 (4) **a description of each vocational education course funded**
10 **through the allocation set out in (d) of this section that permits high school**
11 **students to earn dual credit upon course completion, and the number of high**
12 **school students who earned dual credit in the past year;**

13 **(5) a copy of any articulation agreement established under (g) of**
14 **this section that either was in effect for the preceding year or is in process for the**
15 **next year of funding, and the number of high school students who earned dual**
16 **credit under each articulation agreement; and**

17 **(6) the performance and financial information needed to verify the**
18 **performance of the program as specified by the department by regulation**
19 [PERCENTAGE OF FORMER PARTICIPANTS WHO INDICATE SOME LEVEL
20 OF SATISFACTION WITH THE TRAINING RECEIVED UNDER THE
21 PROGRAM; AND

22 (5) PERCENTAGE OF EMPLOYERS WHO INDICATE
23 SATISFACTION WITH THE SERVICES PROVIDED THROUGH THE
24 PROGRAM].

25 * **Sec. 32.** AS 23.15.835 is amended by adding new subsections to read:

26 (g) The institutions receiving funding under (d) of this section shall establish
27 and maintain at least one articulation agreement under which dual credit may be
28 earned by high school students upon completion of a vocational education course.

29 (h) An institution's failure to comply with (e) or (g) of this section shall result
30 in a withholding penalty of 20 percent of the funding allocated under (d) of this
31 section in the following year.

1 * **Sec. 33.** AS 23.15.850 is amended by adding new paragraphs to read:

2 (3) "articulation agreement" means a dual-credit partnership between a
3 school district and an institution receiving funding under AS 23.15.835(d) that
4 describes vocational education courses, student eligibility, course location, academic
5 policies, student support services, credit on a student's transcript, funding, and other
6 items required by the partnering institutions;

7 (4) "dual credit" means simultaneous high school credit and credit
8 toward a career or vocational certification.

9 * **Sec. 34.** AS 29.45.050 is amended by adding a new subsection to read:

10 (v) A municipality may by ordinance classify and exempt or partially exempt
11 from taxation all or a portion of privately owned real property rented or leased for use
12 as a charter school established under AS 14.03.250.

13 * **Sec. 35.** AS 37.10.210(a) is amended to read:

14 (a) The Alaska Retirement Management Board is established in the
15 Department of Revenue. The board's primary mission is to serve as the trustee of the
16 assets of the state's retirement systems, the State of Alaska Supplemental Annuity Plan
17 [,], and the deferred compensation program for state employees, **the teachers' pension**
18 **reserve fund under AS 37.14.900,** and the Alaska retiree health care trusts
19 established under AS 39.30.097. Consistent with standards of prudence, the board has
20 the fiduciary obligation to manage and invest these assets in a manner that is sufficient
21 to meet the liabilities and pension obligations of the systems, plan, program, and
22 trusts. The board may, with the approval of the commissioner of revenue and upon
23 agreement with the responsible fiduciary, manage and invest other state funds so long
24 as the activity does not interfere with the board's primary mission. In making
25 investments, the board shall exercise the powers and duties of a fiduciary of a state
26 fund under AS 37.10.071.

27 * **Sec. 36.** AS 37.10.220(a) is amended to read:

28 (a) The board shall

29 (1) hold regular and special meetings at the call of the chair or of at
30 least five members; meetings are open to the public, and the board shall keep a full
31 record of all its proceedings;

1 (2) after reviewing recommendations from the Department of
2 Revenue, adopt investment policies for each of the funds entrusted to the board;

3 (3) determine the appropriate investment objectives for the defined
4 benefit plans established under the teachers' retirement system under AS 14.25 and the
5 public employees' retirement system under AS 39.35;

6 (4) assist in prescribing the policies for the proper operation of the
7 systems and take other actions necessary to carry out the intent and purpose of the
8 systems in accordance with AS 37.10.210 - 37.10.390;

9 (5) provide a range of investment options and establish the rules by
10 which participants can direct their investments among those options with respect to
11 accounts established under

12 (A) AS 14.25.340 - 14.25.350 (teachers' retirement system
13 defined contribution individual accounts);

14 (B) AS 39.30.150 - 39.30.180 (State of Alaska Supplementary
15 Annuity Plan);

16 (C) AS 39.35.730 - 39.35.750 (public employees' retirement
17 system defined contribution individual accounts); and

18 (D) AS 39.45.010 - 39.45.060 (public employees' deferred
19 compensation program);

20 (6) establish the rate of interest that shall be annually credited to each
21 member's individual contribution account in accordance with AS 14.25.145 and
22 AS 39.35.100 and the rate of interest that shall be annually credited to each member's
23 account in the health reimbursement arrangement plan under AS 39.30.300 -
24 39.30.495; the rate of interest shall be adopted on the basis of the probable effective
25 rate of interest on a long-term basis, and the rate may be changed from time to time;

26 (7) adopt a contribution surcharge as necessary under AS 39.35.160(c);

27 (8) coordinate with the retirement system administrator to have an
28 annual actuarial valuation of each retirement system prepared to determine system
29 assets, accrued liabilities, and funding ratios and to certify to the appropriate
30 budgetary authority of each employer in the system

31 [(A)] an appropriate contribution rate for normal costs; [AND

1 (B) AN APPROPRIATE CONTRIBUTION RATE FOR
 2 LIQUIDATING ANY PAST SERVICE LIABILITY;]

3 (9) review actuarial assumptions prepared and certified by a member
 4 of the American Academy of Actuaries and conduct experience analyses of the
 5 retirement systems not less than once every four years, except for health cost
 6 assumptions, which shall be reviewed annually; the results of all actuarial assumptions
 7 prepared under this paragraph shall be reviewed and certified by a second member of
 8 the American Academy of Actuaries before presentation to the board;

9 (10) contract for an independent audit of the state's actuary not less
 10 than once every four years;

11 (11) contract for an independent audit of the state's performance
 12 consultant not less than once every four years;

13 (12) obtain an external performance review to evaluate the investment
 14 policies of each fund entrusted to the board and report the results of the review to the
 15 appropriate fund fiduciary;

16 (13) by the first day of each regular legislative session, report to the
 17 governor, the legislature, and the individual employers participating in the state's
 18 retirement systems on the financial condition of the systems in regard to

19 (A) the valuation of trust fund assets and liabilities;

20 (B) current investment policies adopted by the board;

21 (C) a summary of assets held in trust listed by the categories of
 22 investment;

23 (D) the income and expenditures for the previous fiscal year;

24 (E) the return projections for the next calendar year;

25 (F) one-year, three-year, five-year, and 10-year investment
 26 performance for each of the funds entrusted to the board; and

27 (G) other statistical data necessary for a proper understanding
 28 of the financial status of the systems;

29 (14) submit quarterly updates of the investment performance reports to
 30 the Legislative Budget and Audit Committee;

31 (15) develop an annual operating budget; [AND]

(16) administer pension forfeitures required under AS 37.10.310 using the procedures of AS 44.62 (Administrative Procedure Act); and

(17) manage the teachers' pension reserve fund established under AS 37.14.900.

* **Sec. 37.** AS 37.14 is amended by adding a new section to read:

Article 11. Teachers' Pension Reserve Fund.

Sec. 37.14.900. Teachers' pension reserve fund. (a) The teachers' pension reserve fund is established in the general fund. The fund consists of money appropriated to the fund and the accumulated earnings of the fund. Money appropriated to the fund does not lapse.

(b) The legislature may appropriate money from the teachers' pension reserve fund to the teachers' defined benefit retirement plan in AS 14.25.009 - 14.25.220. Nothing in this section creates a dedicated fund.

(c) The Alaska Retirement Management Board shall manage the teachers' pension reserve fund in accordance with AS 37.10.210(a) and 37.10.220(a).

* **Sec. 38.** AS 43.20.014(a) is amended to read:

(a) A taxpayer is allowed a credit against the tax due under this chapter for cash contributions accepted for

(1) direct instruction, research, and educational support purposes, including library and museum acquisitions, and contributions to endowment, by an Alaska university foundation, [OR] by a nonprofit, public or private, Alaska two-year or four-year college accredited by a regional accreditation association, or by a public or private nonprofit elementary or secondary school in the state;

(2) secondary school level vocational education courses, programs, and facilities by a school district in the state;

(3) vocational education courses, programs, and facilities by a state-operated vocational technical education and training school;

(4) a facility or an annual intercollegiate sports tournament by a nonprofit, public or private, Alaska two-year or four-year college accredited by a regional accreditation association or by a public or private nonprofit elementary or secondary school in the state;

(5) Alaska Native cultural or heritage programs and educational support, including mentoring and tutoring, provided by a nonprofit agency for public school staff and for students who are in grades kindergarten through 12 in the state;

(6) education, research, rehabilitation, and facilities by an institution that is located in the state and that qualifies as a coastal ecosystem learning center under the Coastal America Partnership established by the federal government; [AND]

(7) the Alaska higher education investment fund under AS 37.14.750;

(8) funding a scholarship awarded by a nonprofit organization to a dual-credit student to defray the cost of a dual-credit course, including the cost of

(A) tuition and textbooks;

(B) registration, course, and programmatic student fees;

(C) on-campus room and board at the postsecondary institution in the state that provides the dual-credit course;

(D) transportation costs to and from a residential school approved by the Department of Education and Early Development under AS 14.16.200 or the postsecondary school in the state that provides the dual-credit course; and

(E) other related educational and programmatic costs;

(9) constructing, operating, or maintaining a residential housing facility by a residential school in the state approved by the Department of Education and Early Development under AS 14.16.200;

(10) childhood early learning and development programs and educational support to childhood early learning and development programs provided by a nonprofit corporation organized under AS 10.20, a tribal entity, or a school district in the state, by the Department of Education and Early Development, or through a state grant; and

(11) science, technology, engineering, and math programs provided by a nonprofit agency or a school district for school staff and for students in grades kindergarten through 12 in the state.

* Sec. 39. AS 43.20.014(a), as amended by sec. 14, ch. 92, SLA 2010, sec. 14, ch. 7, FSSLA 2011, and sec. 15, ch. 74, SLA 2012, is amended to read:

1 (a) A taxpayer is allowed a credit against the tax due under this chapter for
2 cash contributions accepted

3 (1) for direct instruction, research, and educational support purposes,
4 including library and museum acquisitions, and contributions to endowment, by an
5 Alaska university foundation, [OR] by a nonprofit, public or private, Alaska two-year
6 or four-year college accredited by a regional accreditation association, **or by a public**
7 **or private nonprofit elementary or secondary school in the state;**

8 (2) for secondary school level vocational education courses and
9 programs by a school district in the state;

10 (3) by a state-operated vocational technical education and training
11 school; [AND]

12 (4) for the Alaska higher education investment fund under
13 AS 37.14.750;

14 **(5) for funding a scholarship awarded by a nonprofit organization**
15 **to a dual-credit student to defray the cost of a dual-credit course, including the**
16 **cost of**

17 **(A) tuition and textbooks;**

18 **(B) registration, course, and programmatic student fees;**

19 **(C) on-campus room and board at the postsecondary**
20 **institution in the state that provides the dual-credit course;**

21 **(D) transportation costs to and from a residential school**
22 **approved by the Department of Education and Early Development under**
23 **AS 14.16.200 or the postsecondary school in the state that provides the**
24 **dual-credit course; and**

25 **(E) other related educational and programmatic costs;**

26 **(6) for constructing, operating, or maintaining a residential**
27 **housing facility by a residential school approved by the Department of Education**
28 **and Early Development under AS 14.16.200; and**

29 **(7) for childhood early learning and development programs and**
30 **educational support to childhood early learning and development programs**
31 **provided by a nonprofit corporation organized under AS 10.20, a tribal entity, or**

1 a school district in the state, by the Department of Education and Early
 2 Development, or through a state grant.

3 * **Sec. 40.** AS 43.20.014(f) is amended by adding new paragraphs to read:

4 (3) "dual-credit student" means a secondary level student in the state
 5 who simultaneously earns college and high school credit for a course;

6 (4) "nonprofit organization" means a charitable or educational
 7 organization in the state that is exempt from taxation under 26 U.S.C. 501(c)(3)
 8 (Internal Revenue Code).

9 * **Sec. 41.** AS 43.65.018(a) is amended to read:

10 (a) A person engaged in the business of mining in the state is allowed a credit
 11 against the tax due under this chapter for cash contributions accepted for

12 (1) direct instruction, research, and educational support purposes,
 13 including library and museum acquisitions, and contributions to endowment, by an
 14 Alaska university foundation, [OR] by a nonprofit, public or private, Alaska two-year
 15 or four-year college accredited by a regional accreditation association, or by a public
 16 or private nonprofit elementary or secondary school in the state;

17 (2) secondary school level vocational education courses, programs, and
 18 facilities by a school district in the state;

19 (3) vocational education courses, programs, and facilities by a state-
 20 operated vocational technical education and training school;

21 (4) a facility or an annual intercollegiate sports tournament by a
 22 nonprofit, public or private, Alaska two-year or four-year college accredited by a
 23 regional accreditation association or by a public or private nonprofit elementary or
 24 secondary school in the state;

25 (5) Alaska Native cultural or heritage programs and educational
 26 support, including mentoring and tutoring, provided by a nonprofit agency for public
 27 school staff and for students who are in grades kindergarten through 12 in the state;

28 (6) education, research, rehabilitation, and facilities by an institution
 29 that is located in the state and that qualifies as a coastal ecosystem learning center
 30 under the Coastal America Partnership established by the federal government; [AND]

31 (7) the Alaska higher education investment fund under AS 37.14.750;

1 **(8) funding a scholarship awarded by a nonprofit organization to a**
 2 **dual-credit student to defray the cost of a dual-credit course, including the cost of**

3 **(A) tuition and textbooks;**

4 **(B) registration, course, and programmatic student fees;**

5 **(C) on-campus room and board at the postsecondary**
 6 **institution in the state that provides the dual-credit course;**

7 **(D) transportation costs to and from a residential school**
 8 **approved by the Department of Education and Early Development under**
 9 **AS 14.16.200 or the postsecondary school in the state that provides the**
 10 **dual-credit course; and**

11 **(E) other related educational and programmatic costs;**

12 **(9) constructing, operating, or maintaining a residential housing**
 13 **facility by a residential school approved by the Department of Education and**
 14 **Early Development under AS 14.16.200;**

15 **(10) childhood early learning and development programs and**
 16 **educational support to childhood early learning and development programs**
 17 **provided by a nonprofit corporation organized under AS 10.20, a tribal entity, or**
 18 **a school district in the state, by the Department of Education and Early**
 19 **Development, or through a state grant; and**

20 **(11) science, technology, engineering, and math programs**
 21 **provided by a nonprofit agency or a school district for school staff and for**
 22 **students in grades kindergarten through 12 in the state.**

23 * **Sec. 42.** AS 43.65.018(a), as amended by sec. 35, ch. 92, SLA 2010, sec. 14, ch. 7,
 24 FSSLA 2011, and sec. 21, ch. 74, SLA 2012, is amended to read:

25 (a) A person engaged in the business of mining in the state is allowed a credit
 26 against the tax due under this chapter for cash contributions accepted

27 (1) for direct instruction, research, and educational support purposes,
 28 including library and museum acquisitions, and contributions to endowment, by an
 29 Alaska university foundation, [OR] by a nonprofit, public or private, Alaska two-year
 30 or four-year college accredited by a regional accreditation association, **or by a public**
 31 **or private nonprofit elementary or secondary school in the state;**

(2) for secondary school level vocational education courses and programs by a school district in the state;

(3) by a state-operated vocational technical education and training school; [AND]

(4) for the Alaska higher education investment fund under AS 37.14.750;

(5) for funding a scholarship awarded by a nonprofit organization to a dual-credit student to defray the cost of a dual-credit course, including the cost of

(A) tuition and textbooks;

(B) registration, course, and programmatic student fees;

(C) on-campus room and board at the postsecondary institution in the state that provides the dual-credit course;

(D) transportation costs to and from a residential school approved by the Department of Education and Early Development under AS 14.16.200 or the postsecondary school in the state that provides the dual-credit course; and

(E) other related educational and programmatic costs;

(6) for constructing, operating, or maintaining a residential housing facility by a residential school approved by the Department of Education and Early Development under AS 14.16.200; and

(7) for childhood early learning and development programs and educational support to childhood early learning and development programs provided by a nonprofit corporation organized under AS 10.20, a tribal entity, or a school district in the state, by the Department of Education and Early Development, or through a state grant.

* **Sec. 43.** AS 43.65.018(f) is amended by adding new paragraphs to read:

(3) "dual-credit student" means a secondary level student in the state who simultaneously earns college and high school credit for a course;

(4) "nonprofit organization" means a charitable or educational organization in the state that is exempt from taxation under 26 U.S.C. 501(c)(3)

(Internal Revenue Code).

* **Sec. 44.** AS 43.75.018(a) is amended to read:

(a) A person engaged in a fisheries business is allowed a credit against the tax due under this chapter for cash contributions accepted for

(1) direct instruction, research, and educational support purposes, including library and museum acquisitions, and contributions to endowment, by an Alaska university foundation, [OR] by a nonprofit, public or private, Alaska two-year or four-year college accredited by a regional accreditation association, **or by a public or private nonprofit elementary or secondary school in the state;**

(2) secondary school level vocational education courses, programs, and facilities by a school district in the state;

(3) vocational education courses, programs, and facilities by a state-operated vocational technical education and training school;

(4) a facility or an annual intercollegiate sports tournament by a nonprofit, public or private, Alaska two-year or four-year college accredited by a regional accreditation association **or by a public or private nonprofit elementary or secondary school in the state;**

(5) Alaska Native cultural or heritage programs and educational support, including mentoring and tutoring, provided by a nonprofit agency for public school staff and for students who are in grades kindergarten through 12 in the state;

(6) education, research, rehabilitation, and facilities by an institution that is located in the state and that qualifies as a coastal ecosystem learning center under the Coastal America Partnership established by the federal government; [AND]

(7) the Alaska higher education investment fund under AS 37.14.750;
(8) funding a scholarship awarded by a nonprofit organization to a dual-credit student to defray the cost of a dual-credit course, including the cost of

(A) tuition and textbooks;

(B) registration, course, and programmatic student fees;

(C) on-campus room and board at the postsecondary institution in the state that provides the dual-credit course;

(D) transportation costs to and from a residential school

approved by the Department of Education and Early Development under AS 14.16.200 or the postsecondary school in the state that provides the dual-credit course; and

(E) other related educational and programmatic costs;

(9) constructing, operating, or maintaining a residential housing facility by a residential school approved by the Department of Education and Early Development under AS 14.16.200;

(10) childhood early learning and development programs and educational support to childhood early learning and development programs provided by a nonprofit corporation organized under AS 10.20, a tribal entity, or a school district in the state, by the Department of Education and Early Development, or through a state grant; and

(11) science, technology, engineering, and math programs provided by a nonprofit agency or a school district for school staff and for students in grades kindergarten through 12 in the state.

* Sec. 45. AS 43.75.018(a), as amended by sec. 42, ch. 92, SLA 2010, sec. 14, ch. 7, FSSLA 2011, and sec. 23, ch. 74, SLA 2012, is amended to read:

(a) A person engaged in a fisheries business is allowed a credit against the tax due under this chapter for cash contributions accepted

(1) for direct instruction, research, and educational support purposes, including library and museum acquisitions, and contributions to endowment, by an Alaska university foundation, [OR] by a nonprofit, public or private, Alaska two-year or four-year college accredited by a regional accreditation association, or by a public or private nonprofit elementary or secondary school in the state;

(2) for secondary school level vocational education courses and programs by a school district in the state;

(3) by a state-operated vocational technical education and training school; [AND]

(4) for the Alaska higher education investment fund under AS 37.14.750;

(5) for funding a scholarship awarded by a nonprofit organization

1 to a dual-credit student to defray the cost of a dual-credit course, including the
 2 cost of

3 (A) tuition and textbooks;

4 (B) registration, course, and programmatic student fees;

5 (C) on-campus room and board at the postsecondary
 6 institution in the state that provides the dual-credit course;

7 (D) transportation costs to and from a residential school
 8 approved by the Department of Education and Early Development under
 9 AS 14.16.200 or the postsecondary school in the state that provides the
 10 dual-credit course; and

11 (E) other related educational and programmatic costs;

12 (6) for constructing, operating, or maintaining a residential
 13 housing facility by a residential school approved by the Department of Education
 14 and Early Development under AS 14.16.200; and

15 (7) for childhood early learning and development programs and
 16 educational support to childhood early learning and development programs
 17 provided by a nonprofit corporation organized under AS 10.20, a tribal entity, or
 18 a school district in the state, by the Department of Education and Early
 19 Development, or through a state grant.

20 * **Sec. 46.** AS 43.75.018(f) is amended by adding new paragraphs to read:

21 (3) "dual-credit student" means a secondary level student in the state
 22 who simultaneously earns college and high school credit for a course;

23 (4) "nonprofit organization" means a charitable or educational
 24 organization in the state that is exempt from taxation under 26 U.S.C. 501(c)(3)
 25 (Internal Revenue Code).

26 * **Sec. 47.** AS 43.77.045(a) is amended to read:

27 (a) In addition to the credit allowed under AS 43.77.040, a person engaged in
 28 a floating fisheries business is allowed a credit against the tax due under this chapter
 29 for cash contributions accepted for

30 (1) direct instruction, research, and educational support purposes,
 31 including library and museum acquisitions, and contributions to endowment, by an

Alaska university foundation, [OR] by a nonprofit, public or private, Alaska two-year or four-year college accredited by a regional accreditation association, **or by a public or private nonprofit elementary or secondary school in the state;**

(2) secondary school level vocational education courses, programs, and facilities by a school district in the state;

(3) vocational education courses, programs, and facilities by a state-operated vocational technical education and training school;

(4) a facility or an annual intercollegiate sports tournament by a nonprofit, public or private, Alaska two-year or four-year college accredited by a regional accreditation association **or by a public or private nonprofit elementary or secondary school in the state;**

(5) Alaska Native cultural or heritage programs and educational support, including mentoring and tutoring, provided by a nonprofit agency for public school staff and for students who are in grades kindergarten through 12 in the state;

(6) education, research, rehabilitation, and facilities by an institution that is located in the state and that qualifies as a coastal ecosystem learning center under the Coastal America Partnership established by the federal government; [AND]

(7) the Alaska higher education investment fund under AS 37.14.750;

(8) funding a scholarship awarded by a nonprofit organization to a dual-credit student to defray the cost of a dual-credit course, including the cost of

(A) tuition and textbooks;

(B) registration, course, and programmatic student fees;

(C) on-campus room and board at the postsecondary institution in the state that provides the dual-credit course;

(D) transportation costs to and from a residential school approved by the Department of Education and Early Development under AS 14.16.200 or the postsecondary school in the state that provides the dual-credit course; and

(E) other related educational and programmatic costs;

(9) constructing, operating, or maintaining a residential housing facility by a residential school approved by the Department of Education and

Early Development under AS 14.16.200;

(10) childhood early learning and development programs and educational support to childhood early learning and development programs provided by a nonprofit corporation organized under AS 10.20, a tribal entity, or a school district in the state, by the Department of Education and Early Development, or through a state grant; and

(11) science, technology, engineering, and math programs provided by a nonprofit agency or a school district for school staff and for students in grades kindergarten through 12 in the state.

* **Sec. 48.** AS 43.77.045(a), as amended by sec. 49, ch. 92, SLA 2010, sec. 14, ch. 7, FSSLA 2011, and sec. 25, ch. 74, SLA 2012, is amended to read:

(a) In addition to the credit allowed under AS 43.77.040, a person engaged in a floating fisheries business is allowed a credit against the tax due under this chapter for cash contributions accepted

(1) for direct instruction, research, and educational support purposes, including library and museum acquisitions, and contributions to endowment, by an Alaska university foundation, [OR] by a nonprofit, public or private, Alaska two-year or four-year college accredited by a regional accreditation association, **or by a public or private nonprofit elementary or secondary school in the state;**

(2) for secondary school level vocational education courses and programs by a school district in the state;

(3) by a state-operated vocational technical education and training school; [AND]

(4) for the Alaska higher education investment fund under AS 37.14.750;

(5) for funding a scholarship awarded by a nonprofit organization to a dual-credit student to defray the cost of a dual-credit course, including the cost of

(A) tuition and textbooks;

(B) registration, course, and programmatic student fees;

(C) on-campus room and board at the postsecondary

institution in the state that provides the dual-credit course;

(D) transportation costs to and from a residential school approved by the Department of Education and Early Development under AS 14.16.200 or the postsecondary school in the state that provides the dual-credit course; and

(E) other related educational and programmatic costs;

(6) for constructing, operating, or maintaining a residential housing facility by a residential school approved by the Department of Education and Early Development under AS 14.16.200; and

(7) for childhood early learning and development programs and educational support to childhood early learning and development programs provided by a nonprofit corporation organized under AS 10.20, a tribal entity, or a school district in the state, by the Department of Education and Early Development.

* **Sec. 49.** AS 43.77.045(f) is amended by adding new paragraphs to read:

(3) "dual-credit student" means a secondary level student in the state who simultaneously earns college and high school credit for a course;

(4) "nonprofit organization" means a charitable or educational organization in the state that is exempt from taxation under 26 U.S.C. 501(c)(3) (Internal Revenue Code).

* **Sec. 50.** AS 14.20.147(b) is repealed.

* **Sec. 51.** Section 3, ch. 91, SLA 2010, is repealed.

* **Sec. 52.** The uncodified law of the State of Alaska is amended by adding a new section to read:

APPLICABILITY. Sections 25 and 26 of this Act apply to a contract or collective bargaining agreement that becomes legally binding on or after the effective date of secs. 25 and 26 of this Act.

* **Sec. 53.** The uncodified law of the State of Alaska is amended by adding a new section to read:

TRANSITION: CHARTER SCHOOL APPLICATIONS. Sections 7 and 8 of this Act apply to charter school applications filed with a local school board on or after July 1, 2014.

1 * **Sec. 54.** The uncoded law of the State of Alaska is amended by adding a new section to
2 read:

3 TRANSITION: REGULATIONS. The Department of Education and Early
4 Development, the Department of Labor and Workforce Development, and the Department of
5 Revenue may adopt regulations necessary to implement their respective changes made by this
6 Act. The regulations take effect under AS 44.62 (Administrative Procedure Act), but not
7 before the effective date of the relevant provision of this Act implemented by the regulation.

8 * **Sec. 55.** The uncoded law of the State of Alaska is amended by adding a new section to
9 read:

10 DEPARTMENT OF ADMINISTRATION SALARY AND BENEFITS PROPOSAL.
11 Not later than January 1, 2016, the Department of Administration shall present to the
12 legislature a written proposal to implement a salary and benefits schedule for school districts
13 as defined under AS 14.30.350.

14 * **Sec. 56.** Sections 30 and 54 of this Act take effect immediately under AS 01.10.070(c).

15 * **Sec. 57.** AS 14.17.410(b)(1), as amended by sec. 19 of this Act, and secs. 27 and 35 - 37
16 of this Act take effect June 30, 2014.

17 * **Sec. 58.** Sections 2, 22 and 31 - 33 of this Act take effect July 1, 2015.

18 * **Sec. 59.** Section 23 of this Act takes effect July 1, 2016.

19 * **Sec. 60.** Sections 39, 42, 45, and 48 of this Act take effect January 1, 2021.

20 * **Sec. 61.** Except as provided in secs. 56 - 60 of this Act, this Act takes effect July 1, 2014.